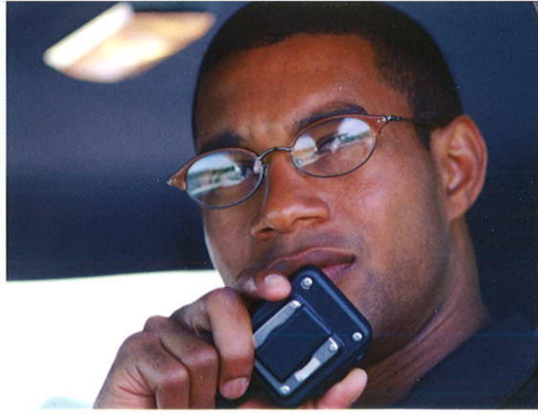
457 ENROLLMENT KIT

Begin your retirement savings today



ICMA RC

Building Retirement Security

Welcome to your retirement future

Many experts estimate that you'll need at least 75 to 85 percent of your pre-retirement income to maintain your lifestyle during retirement. Your deferred compensation plan savings, along with other retirement funds, Social Security and, perhaps, an employer pension, plays an important role in meeting your retirement goals.

As a public sector employee, you have the opportunity to build your retirement investments — with tax advantages — through your 457 deferred compensation plan.

In the following pages, you'll learn how your deferred compensation plan works and why you should start investing today.

How it Works

What is deferred compensation?

Deferred compensation is a program that allows you to invest today for your retirement. Federal, and in most cases state, income taxes are deferred until your assets are withdrawn, usually during retirement when you may be in a lower tax bracket.

How does deferred compensation work?

Under Section 457 of the Internal Revenue Code, you may defer each year a maximum of 100 percent of your "gross compensation"[1] or an annual dollar limit, whichever is less. The dollar limit for 2013 is $17,500. The limit is indexed to inflation in $500 increments.

Our 457 plans allow you to increase, decrease, stop and restart contributions as often as you wish, without fees or penalties, subject to your employer's approval.

What are the benefits of investing in a 457 plan?

A 457 plan offers many benefits:

- You reduce your current income taxes while investing for retirement.
- Your earnings accumulate tax-deferred.
- You can dollar-cost average through convenient payroll deductions (see page 7 for more information).[2]
- If you are 50 (or older) or within three years prior to the year you reach your normal retirement age, you are allowed to make additional "catch-up" contributions.
- It's portable. If you change jobs, you can consolidate your savings in most other public sector employers' 457 plans, qualified 401 plans, tax-sheltered 403(b) annuity plans, or an IRA.
- If you retire or leave service early, there is no penalty for withdrawals.[3]
- Supplemental investments are helpful in states and communities where no contribution is made to Social Security.

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1 *Your gross compensation must first be reduced by any mandatory pre-tax ("picked-up") employee 401 plan contributions.*

2 *Dollar-cost averaging does not assure positive returns or protect against loss. Since dollar cost averaging involves continuous investing, regardless of fluctuating prices, investors must consider their level of comfort in continuing to invest.*

3 *A 10% penalty tax never applies to withdrawals of original 457 plan contributions and associated earnings. However, the penalty may apply to non-457 plan assets rolled into a 457 plan and subsequently withdrawn prior to age 59½.*

A Great Savings Tool

How does a 457 deferred compensation plan compare with traditional after-tax investing?

Making pre-tax contributions to your employer's 457 plan gives you a significant tax break up front, allowing you to invest more money than you would in a traditional after-tax account, where amounts you invest have already been subject to tax. Your investment earnings on pre-tax contributions also benefit from tax deferral; no taxes are owed until you withdraw. In a regular, taxable investment account, realized earnings, such as interest, dividends, and capital gains distributions are subject to tax yearly.

Traditional After-Tax Investment Account

Total to invest	Taxes taken out	Total invested
$2,400	- $600	= $1,800

Taxes taken out are based on the 25% tax bracket

457 Deferred Compensation Account

Total to invest	Taxes taken out	Total invested
$2,400	- $0	= $2,400

If permitted by your plan, Roth[4] (after-tax) contributions give you an additional tax-advantaged retirement savings opportunity. Roth contributions and associated earnings can be withdrawn tax-free in retirement if certain criteria are met.

Does it matter when I begin investing?

It can make a huge difference. If you begin investing $100 biweekly today and earn an average of 7 percent annually, in 20 years you'll have $112,867 available. But if you wait five years to start, your account would have only $68,675. That's a $44,000 difference in your account. Over time, compounding of earnings does most of the work for you.

How much should I contribute?

You should contribute an amount that can be reasonably expected to bridge the gap between your lifetime retirement expenses and any pension, Social Security, and other income you'll receive. Every dollar you invest can have a significant impact over the long term. For example, assume you are 30 years old and you determine you should contribute $100 biweekly into your account. At age 60, if you earned 7 percent on your investment, you would have $265,317. Contribute $125 biweekly, just $25 more, and you would have $331,647.

Contributing $25 More Biweekly Could Greatly Increase Account Value By Age 60[5]

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[4] *Not available to all plans. Please confirm availability by contacting your employer or ICMA-RC.*

[5] *For illustrative purposes only. Assumes a 7% rate of return and that both accounts are invested identically over time. Actual results will be higher or lower, based on the performance of your underlying investments during the time periods you own them.*

What tools do you offer to help me invest for my retirement?

In addition to a full range of online calculators and educational articles, ICMA-RC offers Guided Pathways®, a comprehensive suite of investment advisory and account management services. The program offers three levels of service designed to direct you to the appropriate level of assistance, based on how involved you want to be in your retirement investing decisions.

- **Asset Class Guidance** offers you a recommendation on how to divide your retirement account among asset classes.
- **Fund Advice**[6] offers you a recommendation of specific funds in which to invest.
- **Managed Accounts**[7], if available in your plan, offers you ongoing professional management of your retirement plan assets, based on your personal and financial situation.

Withdrawals

When can I withdraw assets from my account?

You can withdraw assets from your account in the following situations:

- **Retirement**
- **Leaving employment**
- **Unforeseeable emergency** – This is defined as a severe financial hardship resulting from a sudden illness, disability or accidental property loss, subject to strict IRS guidelines.
- **Small balance account withdrawals** – You are eligible to initiate a one-time disbursement of your account if the balance is $5,000 or less and neither you nor your employer have contributed to the account for at least two years. If permitted by your employer, your account will automatically be distributed if the balance is less than $1,000 and no contributions have been made for two years.
- **After age 70½** – If permitted by your employer, you can withdraw funds after you reach the age of 70½, even if you are still employed.

Building Your Portfolio

Principles for Investing Your Retirement Funds

Risk and Reward

Risk measures the uncertainty of the timing and volatility of return on a given investment. No investment is entirely risk free. But with the right tools and information you may be able to manage risk.

Risk and reward usually go hand in hand. An investment with greater risk, or uncertainty, has the potential for greater long-term reward. Lower-risk investments that offer you more comfort day to day could lead to disappointment at retirement, especially if the returns do not outpace inflation.

Your challenge is to match your financial goals with the level of risk you're willing to accept over various periods of time.

Consider Your Time Horizon When Investing

It's important to match your time horizon with your investments. If you'll need some of your retirement savings soon, you should invest that

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6 *Additional fees apply.*

7 *Additional fees apply. Managed Accounts may not be suitable for all investors. Please contact our Guided Pathways® team or your ICMA-RC representative and fully read the ICMA-RC* Guided Pathways® Fund Advice and Managed Accounts Investment Advisory Agreement *prior to enrolling in Managed Accounts to determine if this service is right for you.*

portion so that its value won't fluctuate much over the short term.

However, if you have several years until you must withdraw all or a portion of the assets, you should consider investments with more risk.

The Benefits of Diversification and Asset Allocation

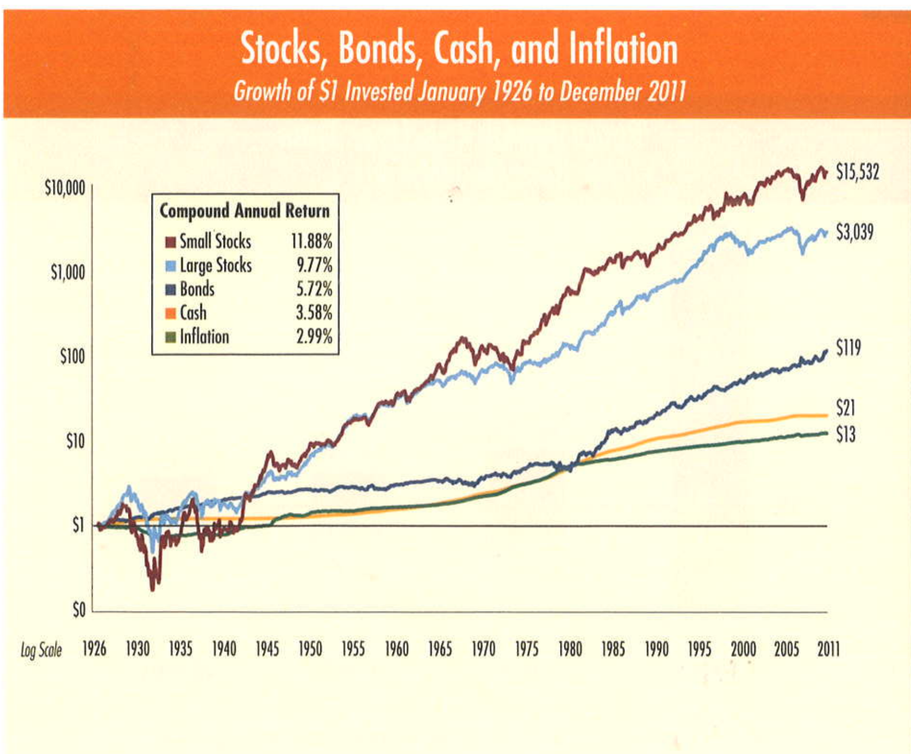
We all know the saying "Don't put all your eggs in one basket." If you put all your money in the stock of a single company and that company fails, you could lose your entire investment. But if you diversify, or invest in many companies, you reduce the potential for large losses due to any single company's failure. Similarly, asset allocation, spreading your assets among different types of stocks, bonds and other classes of investments — and among different asset managers — may help to even out short-term ups and downs as your money grows over time.

How you mix your investments will have a great impact on your long-term returns. By combining investments that react differently to market conditions, inflation and interest rate changes, you may be able to protect against major downside risks and smooth out your returns, helping you maintain a suitable investment plan.

Dollar-Cost Averaging

Dollar-cost averaging simply means that you invest a fixed amount regularly, which is exactly what you're doing with consistent, automatic deposits from your paycheck to your employer retirement plan.

By investing a fixed amount every paycheck, you will buy more shares when prices decline and fewer shares when prices rise — meaning your average cost during a period of volatility is typically less than the average price of the shares during the period. The less you pay for shares, the more potential benefit if those shares rise, assuming it remains suitable for you to hold them, and you actually do so. You must also consider your financial ability to continue to invest during low price levels.



The graph at left shows the growth of $1 invested in four different asset classes and inflation beginning in January 1926.

For illustrative purposes only. Past performance is no guarantee of future results. Hypothetical value of $1 invested at the beginning of 1926. Assumes reinvestment of income and no transaction costs or taxes. Small stocks represented by the Ibbotson Associates SBBI U.S. Small Stock Index, an unmanaged index of stocks of small U.S. companies. Large stocks represented by the Ibbotson Associates SBBI Standard & Poor's 500 Index, an unmanaged index representing 500 larger capitalization companies traded in the U.S. Bonds represented by the Ibbotson Associates SBBI Long-Term Government Bond Index, an unmanaged index generally representative of the bond market. Cash represented by the Ibbotson Associates SBBI 30 Day Treasury Bill Index. Inflation represented by the Ibbotson Associates U.S. Inflation Index.

Dollar-cost averaging is not designed to be a money-making, short-term strategy — it does not guarantee a profit or protect you from losses in a declining market; nor is it likely to produce a regularly higher return than, say, investing each year's savings in lump sums. But, it's a strategy that can help minimize the risks involved in investing large sums at a market high or making investment decisions based on emotion. And its greatest value may be helping you stay committed to saving regularly. The table on the left gives an example of dollar-cost averaging.

How you mix your investments will have a great impact on your long-term returns. By combining investments that react differently to market conditions, inflation and interest rate changes, you may be able to protect against major downside risks, and smooth out your returns, helping you maintain a suitable investment plan.

Dollar-Cost Averaging in Action

MONTH	AMOUNT INVESTED	PRICE/ SHARE	SHARES PURCHASED
January	$600	$30	20
February	$600	$20	30
March	$600	$24	25
April	$600	$40	15
TOTAL	$2,400		

Average share price = $28.50

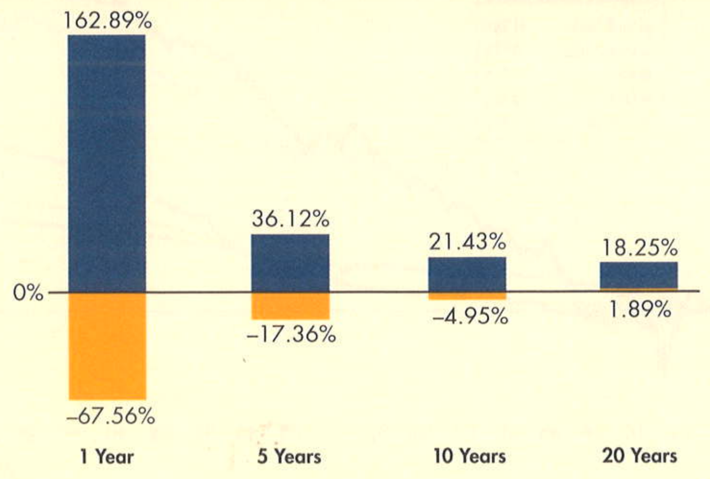
Investor's average cost per share = $26.67

Each bar shows the range of compounded annual returns for the S&P 500 Index for varying holding periods from 1926 to 2011.

Investors who held stocks for one-year periods since 1926 received returns ranging from a 162.89% gain to a 67.56% loss (see chart to the right). But those who held stocks for 20-year periods (1926 to 1945, 1927 to 1946...) averaged as much as 18.25% and never less than 1.89%.

Reduction of Risk Over Time

Stocks from 1926 to 2011



Source: Ibbotson Associates.

Stocks represented by the S&P 500 Index. Past performance is no guarantee of future results.

Tools for Managing Your Account

ICMA-RC's website @ www.icmarc.org

Through Account Access you can securely manage your account online.

If you are already signed up for Account Access through another ICMA-RC account, you will be able to view your new account soon after you submit your enrollment application.

If you have an existing account with ICMA-RC but have not signed up for Account Access, go to www.icmarc.org, select the "Create an Initial User ID" link, and follow the step-by-step instructions. For additional help, see "Creating Your User ID and Password," on the next page.

If you are new to ICMA-RC, you must first follow the instructions under "Self Enrollment."

Getting Started through Self Enrollment

Go to www.icmarc.org and select the "Self Enrollment" link.

- Enter your plan number (call Investor Services at 800-669-7400 to obtain if necessary) and Social Security number, and click "Next."
- Enter the requestted personal information and click "Next."
- Enter beneficiary information and click "Next."
- Enter your deferral information, if prompted, and click "Next."
- Enter your investment allocation information and click "Next" to create your user ID and password.

Creating Your User ID and Password

Your user ID must be between 6 and 32 characters in length and contain at least two of the following:

- one or more alphabet characters (A-Z or a-z);
- one or more numbers (0-9); and/or
- one or more special characters (.,*, @, _, -).

Your password must be between 8 and 12 characters in length and contain at least two of the following:

- one or more alphabet characters (A–Z or a–z);
- one or more numbers (0–9); and/or
- one or more special characters (.,*, @, _, -).

Your password and user ID cannot be the same.

You must select a security image that will be used to brand your password entry page and that you will see every time you log in going forward.

You must select and answer three security questions, choosing from a list of 12 questions, for an extra level of security.

You will then view a confirmation that your new account information has been accepted and receive an email confirmation that allows you to log into Account Access.

You will also receive subsequent email notifications regarding your ongoing account access and transaction activity. No personal information will be included in these emails.

VantageLine — 800-669-7400

Getting Started

To take advantage of VantageLine, all you need is a touch-tone telephone. Simply call 800-669-7400. For confidentiality, the first time you call, you will need to create your PIN using the following method:

- VantageLine instructs you to enter your Social Security number and your current PIN (the last four digits of your Social Security number).

- VantageLine will then ask you to enter a new four-digit PIN and verify the selection of that number. This is the PIN you will be required to enter each time you call VantageLine.

Use the new PIN you selected each subsequent time you call VantageLine. You may change your PIN as often as you wish. Remember to keep your PIN in a safe place.

Get the Most Out of Your ICMA-RC Account

Our products and services are designed specifically for public employees. And there are a number of steps you can take to help maximize their value.

Manage Your Account

- **Manage your account online** *(www.icmarc.org)*. Complete transactions and get updated information. You can even view your account information on your smartphone through **myAccount** *(m.icmarc.org)*, ICMA-RC's mobile site.
- **Go Paperless** *(www.icmarc.org/paperless)*. For less clutter, more convenience, and a positive impact on the environment, receive electronic notifications when your statements and confirmations are available online.
- **Personalize your saving and investing strategies.** Sign up for Guided Pathways® *(www.icmarc.org/guidedpathways)* consult with your ICMA-RC representative.
- **Roll over outside accounts and simplify.** Transfer other retirement accounts to ICMA-RC to help you better manage what you own on a single statement and online view. Visit ***www.icmarc.org/simplify*** to learn more.

Learn More — Personal Financial Education

- **Visit PlanSMART** *(www.icmarc.org/plansmart)* for calculators, articles, videos, and webinars designed for participants just starting out to those in retirement.
- **Our Charting Your Course series** provides a lifetime overview of retirement planning, ranging from saving to investing to post-retirement topics.
- **Our participant newsletter** includes summary articles about timely topics. Current and past issues are available online — both early career *(www.icmarc.org/save)* and late career *(www.icmarc.org/retire)* versions.
- **And The DreamBig Site** *(www.thedreambigsite.org)* is our social media website for blogs, quick and easy calculators, saving tips, forums to post comments and more.

About Us

We Build Retirement Security

Founded in 1972, ICMA-RC is a non-profit independent financial services corporation focused on providing retirement plans and related services for more than a million public sector participant accounts and approximately 9,000 retirement plans. Our mission is to help build retirement security for public employees. We deliver on our mission by focusing on service, quality and value.